

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (7/15)
BUTTER: Grade AA closed at \$1.6400. The weekly average for Grade AA is \$1.6275 (-.0238).

CHEESE: Barrels closed at \$1.5100 and blocks at \$1.5500. The weekly average for barrels is \$1.5085 (+.0010) and blocks, \$1.5500 (N.C.).

BUTTER: The cash butter price continued to decline early in the week, but firmed by midweek and weeks end. Some butter producers and handlers feel that the recent price increase to \$1.7300 was not justified from a supply/demand point of view. Churning activity is about steady, but lighter than a few weeks ago. Cream volumes available to butter producers are lower as Class II demand has increased, especially for ice cream needs. In many instances, butter demand is surpassing current production, thus inventoried stocks are being used to meet all needs. CME weekly butter stocks have declined for the fourth consecutive week to stand at 97.5 million pounds. Stocks now trail last year by 12.8 million pounds. In the last four weeks, stocks have declined 7.2 million pounds. This is the largest decline for the period since 2000. No significant feature activity is being reported, thus retail sales are fair. Food service orders are seasonally steady.

CHEESE: The cheese market is steady. Current movement is about moderate. The market is just coasting along while waiting for additional milk production data and preparing for the reopening of schools in just a few weeks. Natural American cheese volumes remain not too far from in balance with demand. Some plant operators continue to keep extra supplies in order to meet later year commitments. Warm summer temperatures are impacting the volume of milk receipts as well as cheese yields through most of the country.

FLUID MILK: Milk production across the country is holding at higher than typical levels for this time of the year, although hot/humid weather patterns are now negatively impacting milk output in more areas. Hurricane Dennis did impact Louisiana, Florida, Mississippi, and Alabama early in the week. Some power outages and flooded roads caused temporary disruption to the milk supply, but according to contacts, little milk was lost. In Dennis' path, a couple plants shut down prior to landfall and reopened shortly after its passing. In the Eastern portion of the country, hot temperatures are being reported and milk output is noticeably lower. Hot weather conditions also covered Middle Atlantic and Southeastern states, further reducing milk output. Milk production in the Central part of the country is holding up surprisingly strong at midmonth, but producers and handlers feel that this trend may not last much longer. Milk volumes have been strong for much of the spring and early summer and now at mid July, milk producers and handlers feel that this trend is about to break. Temperatures nearing 110 degrees in Arizona and California are impacting the milk flow, while in New Mexico, milk production is holding steady in most regions of the state and not coming off as expected. Milk output in the Pacific Northwest continues to hold steady at peak levels. In dairy areas of Utah and Idaho, temperatures are nearing 100 and milk receipts are declining on a daily basis. The cream

market remains steady to firm. Supply conditions have trended toward the tight side for some producers where milk declines are more prevalent. Class II demand is strong in most areas as ice cream production is often at seasonal high levels. Churning activity remains fairly strong across the country, although cream supplies for this purpose have tightened.

DRY PRODUCTS: Nonfat dry milk markets are generally steady with some slight price increases noted. Powder production across the country remains quite strong for mid July. Some plants are now starting to realize lighter milk volumes clearing through the driers as hot summer temperatures impact overall milk production. Most plants are drying only low heat powder as they process heavy volumes of surplus milk. Producers expect to be able to make more high heat as milk production declines seasonally. Stocks vary from light to moderate. Demand remains fair to good for domestic accounts. Exports are moving at expected levels. Buttermilk powder markets and prices are mixed. Churning activity is slowing seasonally and buttermilk drying is easing at more facilities. Some plants report that they have stocks available, while others have no uncommitted stocks. Spot interest is light to fair with most dry buttermilk movement occurring on a contractual basis. Whey powder markets are firm with prices steady to generally higher. Spot market activity on both the direct and resale markets is on the quiet side, although domestic activity is picking up as production declines seasonally. Most plants are reporting that they are sold out or tight on supplies.

CCC: During the week of July 11 - 15, there was no price support activity.

JULY MILK SUPPLY AND DEMAND ESTIMATES (WAOB): Milk production in 2005 and 2006 is forecast higher than last month as both the number of cows and milk per cow are raised. The 2005 estimate of 175.2 billion pounds is 2.6% higher than 2004 and the 2006 projection of 179.3 billion pounds is 2.3% higher than the 2005 estimate. Commercial use, on both a fat and skim solids basis, is increased, but commercial stock forecasts are also raised. Cheese and nonfat dry milk price forecasts in 2005 are fractionally lower, while butter and whey are raised slightly. As a result, the Class III and Class IV prices are raised fractionally on the low end of the range. With increased milk production and higher forecast fat-basis stocks in 2006, butter and cheese prices are reduced, resulting in lower forecast Class III and Class IV prices. The all milk price for 2005 is narrowed to \$14.85-\$15.15. The 2006 forecast is lowered to \$12.90-\$13.90.

APRIL MAILBOX MILK PRICES (AMS, CDFA): In April 2005, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$14.97 per cwt., \$.49 less than the figure for the previous month. The component tests of producer milk in April 2005 were: butterfat, 3.63%; protein, 3.01%; and other solids, 5.72%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas, and ranged from \$16.72 in Florida to \$13.11 in New Mexico. In April 2004, the Federal milk order all-area average mailbox price was \$17.40, \$2.43 higher.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

PRODUCT	MONDAY JULY 11	TUESDAY JULY 12	WEDNESDAY JULY 13	THURSDAY JULY 14	FRIDAY JULY 15	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.5075 (N.C.)	\$1.5075 (N.C.)	\$1.5075 (N.C.)	\$1.5100 (+.0025)	\$1.5100 (N.C.)	(+.0025)	\$1.5085 (+.0010)
40# BLOCKS	\$1.5500 (N.C.)	\$1.5500 (N.C.)	\$1.5500 (N.C.)	\$1.5500 (N.C.)	\$1.5500 (N.C.)	(N.C.)	\$1.5500 (N.C.)
BUTTER GRADE AA	\$1.6200 (-.0125)	----	\$1.6225 (+.0025)	----	\$1.6400 (+.0175)	(+.0075)	\$1.6275 (-.0238)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, JULY 11, 2005

CHEESE — SALES: 5 CARS 40# BLOCKS @ \$1.5500; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.5100; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 10 CARS GRADE AA: 1 @ \$1.6000, 1 @ \$1.6025, 1 @ \$1.6050, 1 @ \$1.6100, 1 @ \$1.6150, 1 @ \$1.6175, 1 @ \$1.6200, 1 @ \$1.6225, 1 @ \$1.6250, 1 @ \$1.6200; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.6025, 1 @ \$1.6000, 2 @ \$1.5900; OFFERS UNCOVERED: 5 CARS GRADE AA: 2 @ \$1.6200, 2 @ \$1.6300, 1 @ \$1.6325

TUESDAY, JULY 12, 2005

CHEESE — SALES: 4 CARS 40# BLOCKS @ \$1.5500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JULY 13, 2005

CHEESE — SALES: 2 CARS 40# BLOCKS @ \$1.5500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 7 CARS GRADE AA: 1 @ \$1.6100, 2 @ \$1.6150, 1 @ \$1.6200, 1 @ \$1.6175, 1 @ \$1.6200, 1 @ \$1.6225; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.6075, 2 @ \$1.5500; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$1.6250, 1 @ \$1.6400, 2 @ \$1.6500

THURSDAY, JULY 14, 2005

CHEESE — SALES: 8 CARS 40# BLOCKS @ \$1.5500; BIDS UNFILLED: 3 CARS BARRELS: 1 @ \$1.5100, 2 @ \$1.5075; 4 CARS 40# BLOCKS @ \$1.5500; OFFERS UNCOVERED: NONE

FRIDAY, JULY 15, 2005

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 13 CARS GRADE AA: 3 @ \$1.6225, 3 @ \$1.6300, 3 @ \$1.6350, 1 @ \$1.6375, 1 @ \$1.6400, 1 @ \$1.6425, 1 @ \$1.6400; BIDS UNFILLED: 2 CARS GRADE AA @ \$1.6225; OFFERS UNCOVERED: 6 CARS GRADE AA: 1 @ \$1.6425, 1 @ \$1.6450, 4 @ \$1.6500

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.9625 and Grade A at \$0.9825. (The last price change occurred March 30.) The weekly average for Extra Grade is \$0.9625 (N.C.) and Grade A is \$0.9825 (N.C.).

BUTTER MARKETS**NORTHEAST**

The butter market remains fairly firm, but the \$1.62 cash price at the CME (through 7/11) has decreased the last four sessions. Some contacts feel that the price run up to \$1.73 (6/29) was not justified from a supply/demand point of view and that the current price is probably where it should be. Churning activity is about steady, but lighter than a few weeks ago. Class II cream demand has improved and less excess is being offered to butter makers. Anecdotal reports indicate that Midwestern butter makers continue to look for more cream and are paying competitive prices. Butter stocks are more than adequate to cover current needs. Retail sales remain slow to fair unless featured. Food service orders are often reported as good. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

The market tone remains weak although the cash price gained 1/4 cent at midweek. The current price of \$1.6225 compares to \$1.8625 last year at this time and \$1.1950 in 2003. Churning continues active, although lighter than desired by many producers and handlers. Cream supplies have tightened for butter needs, but some outside offerings continue to be reported, with prices often higher than butter producers are willing to pay. Stocks of butter are fully adequate for current needs. With fresh butter supplies often not sufficient to meet full needs, traders and handlers are reaching into inventoried stocks to fulfill needs. Buying interest is seasonal for this time of the summer. No significant feature activity is being reported, thus retail sales are fair. Food

service orders are seasonally steady. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

Cash butter prices at the CME had lost 11 cents in the previous four trading sessions. That changed, at mid-week, when prices bounced back a quarter of a cent. Western contacts feel that the market had moved too far too fast to be sustainable. Butter supplies in the West seem to be in reasonably good balance. Retail demand is fair at best with little feature activity noted for July. Food service accounts are more aggressive in looking for butter for the summer vacation season. Production of butter in the West is declining more rapidly as less cream is generally available to the churns. Hot temperatures are taking down the milk supply and ice cream accounts are absorbing more cream. Those moving cream out of the region for processing are finding transportation hard to arrange and that pay prices from churning operations are below expectations. Regional butter concerns may want to make more butter, but only at their desired cost and return numbers. CME weekly butter stocks have declined for the fourth consecutive week to stand at 97.5 million pounds. Stocks now trail last year by 12.8 million pounds. In the last four weeks, stocks have declined by 7.2 million pounds. This is the largest decline for the period since 2000. Bulk butter prices range from flat to 3 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

<u>WEEK ENDING</u>	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
JULY 9	1.5088	1.4854	0.9370	1.6600	0.2785
	7,110,684	10,317,569	12,733,236	3,427,992	8,332,934

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are slightly higher, but (through 7/11) the cash prices at the CME have held since 7/5. An indication the traders may think that cheese prices have "found" their level for the time being. Fluid milk supplies in the Northeast remain quite heavy and cheese makers' production schedules are little changed from past weeks. Demand for cheddar is slow to fair with most of the current output going into aging programs. Mozzarella orders are also slow to fair and typical for the summer months. Retail sales are slow and food service orders are steady.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.6300-2.1450
Cheddar Single Daisies	:	1.5875-2.0625
Cheddar 40# Block	:	1.6900-1.9600
Process 5# Loaf	:	1.7175-1.9250
Process 5# Sliced	:	1.7375-1.9525
Muenster	:	1.7025-1.9050
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is steady. Current natural demand remains about average for summer with the usual mixture of better and slower results depending on cheese variety and firm. Natural American supplies remain close to in balance. Process movement is moderate to occasionally good. Barrel interest remains steady with good interest in other processing solids. Some producers and buyers are trying to hold on to their cushion stocks for later summer and fall needs. Swiss supplies range from tight to adequate. Swiss output remains seasonally heavy as producers try to build supplies for fall needs. Cheese yields are generally low seasonally, frequently lower than a year ago as a result of the warmer weather. Overall milk volumes continue to trend lower.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.7075-1.9700
Brick And/Or Muenster 5#	:	1.9800-2.1000
Cheddar 40# Block	:	1.8300-2.2650
Monterey Jack 10#	:	2.0300-2.2650
Blue 5#	:	2.3950-2.6900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7275-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4300-2.8700

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
		:	
07/11/05	55,133	:	147,496
07/01/05	55,272	:	146,912
CHANGE	-139	:	584
% CHANGE	N.C.	:	N.C.

WEST

In the last ten trading sessions at the cash CME market, block cheese prices have gained 1/4 cent. Western contacts feel that the market has found a state of equilibrium for the time being. The market seems to be in balance. How long this will last is anyone's guess. Some producers are noting that buying interest is a bit slower this week. Some orders are being delayed by the end user. This is especially true for under grade cheese. Buyers seem to be saying that they have short term needs covered and they are taking a wait and see attitude on additional purchases. The milk production report that comes out on July 18 might shed some light on future strategies. The mozzarella market is in better balance with some plants curbing production and demand a bit better. Swiss is in good shape with plants putting end of year programs in place. Milk is going away at a faster rate in most of the region because of additional heat stress on the milking herds. Many areas will touch 100 degrees at midweek. The only exception is in the Pacific Northwest. They continue to experience cool temperatures and some moisture.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.6600-1.9175
Cheddar 40# Block	:	1.6700-2.0225
Cheddar 10# Cuts	:	1.8500-2.0700
Monterey Jack 10#	:	1.8600-2.0200
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are steady to fractionally higher and the market tone is unchanged. Stocks of imported and domestically made cheese range from light to adequate. Demand is seasonally slow to fair and typical for this time of year. Reports from the EU indicate that cheese prices there are weakened slightly over the past several weeks, but little change from year-ago levels. The price dip may be due, in part, to heavy cheese production during the first quarter of the year. Preliminary figures show that January-March cheese production in the in the EU-15 is up 3.1% from the same period last year. For the EU-25, the cheese output is 1.6% above the same period in 2004.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-4.6900	1.9425-3.4325*
Gorgonzola	3.6900-6.0900	2.4550-2.5225*
Parmesan (Italy)	TFEWR	3.3575-3.4650*
Romano (Italy)	2.1000-3.2500	-0-
Provolone (Italy)	3.4400-6.0900	1.9450-2.1800*
Romano (Cows Milk)	-0-	3.1400-5.3050*
Sardo Romano (Argentina)	2.8500-3.2900	-0-
Reggianito (Argentina)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	3.1200-4.1500	-0-
Swiss Cuts Switzerland	-0-	2.4500-2.6500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.5600	-0-
Gouda, Large	TFEWR	-0-
Gouda, Baby (\$/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	119	0	150	0	0
SOUTHEAST STATES	0	0	0	3	0	0

Milk production is decreasing in more parts of the region. Hot weather has hit most of the Northeast and milk output is noticeably lower. Hot weather also covered most of the Southeast and Middle Atlantic areas, further reducing milk output. Hurricane Dennis did impact Louisiana, Florida, Mississippi, and Alabama early this week. Some power outages and flooded roads caused temporary disruption to the milk supply, but according to contacts, little milk was lost. In Dennis' path, a couple plants shut down prior to landfall and reopened shortly after its passing. Elsewhere, Class I milk demand is slow to fair, mostly fair. Florida handlers continue to send quite a bit of milk out of state for processing, but hotter weather is having a rather large impact on milk production. In all areas, farm pick up routes are being consolidated. Fat and protein tests are declining along seasonal patterns. Despite the dropping milk output, fluid milk supplies are still reported as heavy with plenty of surplus milk clearing through manufacturing plants. In the Southeast, seasonal balancing plants are still operating most days each week. Looking at historical patterns, this is late in the year for some of these plants to be running. The condensed skim market is steady at fairly good levels, but spot sales activity is relatively quiet. The hot weather is helping demand from soft serve mix producers. The fluid cream market is mixed, but mostly firm. Demand remains quite good, but many suppliers comment that orders did slow slightly late last week, but improved again early this week. Offerings are nicely balanced during the week, but weekend volumes are long. Spot prices are moderately lower. Multiples are steady to lower and the nearly five-cent drop in last week's CME butter average pushed spot prices lower. Demand is mostly steady as lower prices did stimulate more early-week interest. Cream cheese producers are taking regular or contracted volumes with a few spot loads reported. Bottled cream production is seasonally heavy. Ice cream makers are in full swing and appear to be easily getting all the cream they want or need. The hot weather is giving a boost to soft serve sales, particularly in resort and urban areas. Churning activity is light to moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.9816-2.2788
DELIVERED EQUIVALENT ATLANTA	-	2.0476-2.3118 M 2.1797-2.2953
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.0806-2.2127

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9900-1.0500
NORTHEAST- CLASS III - SPOT PRICES	- 1.1000-1.1700

M I D W E S T

Milk production in the Central part of the country is holding up surprisingly strong at midmonth, but producers and handlers feel that this trend may not last much longer. Milk volumes have been strong for much of the spring and early summer and now at mid July, this trend is about to break. Hot temperatures and humid weather conditions are forecast for much of the region. Although the region has had hot temperatures in past weeks, the milking herd has been able to bounce back, but with current forecasts and the time of the summer, producers and handlers do not foresee production recovery. Up to this week, surplus milk volumes have been available for manufacturing purposes without too much searching. This week, the volumes of manufacturing milk have tightened. Surplus milk prices are ranging from \$1.00 under to \$1.00 over market delivered. Some of the milk that moved at discounted prices was due to plant problems thus the milk needed to be cleared. This shift in milk availability has some manufacturing facilities adjusting their schedules to accommodate the lighter volumes. Cream markets remain active. Class II demand is absorbing a significant volume of available cream with Class IV operations often looking for more. Pricing multiples are basically holding

steady, although some suppliers anticipate firmer multiples in the very near future. Overall, current week prices are lower as the basing point, the CME weekly butter average, declined last week. Hurricane Dennis brought some much needed rainfall into the Central part of the country, although this was also spotty. Some areas still have not received sufficient volumes of moisture and crop development in those areas continues to falter.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUL 07 - 13	PREVIOUS YEAR
SLAUGHTER COWS	\$ 52.00- 60.00	\$ 54.50- 61.00
REPLACEMENT HEIFER CALVES	\$400.00-580.00	\$340.00-600.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUL 07 - 13	PREVIOUS YEAR
SLAUGHTER COWS	\$ 52.50- 61.00	\$ 55.00- 64.00

W E S T

The August 2005 Class 1 prices in CALIFORNIA range from \$15.84 in the north to \$16.11 in the south. The statewide average Class 1 price based on production is \$15.89. The average is \$0.65 higher than July 2005 and \$0.52 more than August 2004. The June 4a price (butter/powder) in CALIFORNIA is \$12.04, \$0.32 higher than May but \$1.26 less than last year. This compares to the Federal Order Class IV price for June at \$12.33. The June 4b price (cheese) is \$13.62, up 23 cents from May but \$2.73 lower than last year. This compares to the Federal Order Class III price for June at \$13.92. Hot weather conditions are beginning to negatively impacting the milk flow across most of CALIFORNIA. Areas that are also seeing high humidity levels are seeing milk drop faster. Temperatures are reaching almost 110 degrees in the Central Valley. Even with heat abatement measures like fans and misters in place, the extra humidity makes these less effective. Northern milk production is also declining with weather being the factor. Southern plants are seeing milk intakes decline slightly with the effects of weather just beginning to show. Fluid milk demand is highly variable among bottlers. Retailers with feature activity are generating more sales. ARIZONA's hot summer weather is reaching upwards of 110 degrees and the conditions are said to be impacting milk production. Measures are underway to keep cows cool but the nighttime temperatures are only cooling into the upper 80s. NEW MEXICO milk production is holding steady in most regions of the state and not coming off as expected. Weather conditions remain hot and processors remain surprised that levels are currently as high. Many would like to see less milk. Surplus loads continue to move out of state for processing. Contract loads are steady and move to the Midwest and Southeast. The market for CREAM remains steady to firm. Supply conditions have trended towards the tight side for some producers where milk declines are more prevalent. Supplies are heavier in some areas of the Northwest. The decline in milk volumes in other areas is leading to less cream being available. Demand from ice cream producers is active but highly variable. CME butter prices moved lower by 5.75 cents over the last week and on July 13 closed at \$1.6225. Multiples and overages are mainly steady with multiples ranging from the mid 110's to high 120's. Delivery charges are moving higher as fuel surcharges are being passed on to customers. Milk output in the PACIFIC NORTHWEST continues to hold flat at peak levels. The spring/summer has been very cool so far and the stress on the milking herd has been minimal. New crop hay has been helping to hold production steady even though the quality is not the best. Plants continue to run on near capacity schedules. Most wouldn't mind seeing a little less milk. Heifer prices are firm and supplies are tight. Warmer conditions are prevalent east of the mountains, but still not high enough to take milk production down very much. The first real hot spell of the season has hit UTAH and IDAHO. Temperatures are near 100 degrees for a number of days midweek. Some areas are only cooling to the mid to high 70's at night. The stress on the milking herd is building. Most of these areas did not record readings this high all of last year. Milk receipts are declining on a daily basis. Second cutting hay harvest is just getting going in the region. Many want to get it cut before the heat stresses the crop further. Most expect to be able to bale in short order because of the hot and dry conditions. Quality is expected to be very good for a second cutting. The top end of the heifer market in the region is over \$2400 with the average about \$2050-2100.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are mostly unchanged on a steady market. Recent hot weather in the area has not affected overall milk intakes into dryers. Consequently, NDM production is steady. Most movement is contractual. Spot offers to brokerage firms are noted on multiple loads sourced from Western suppliers. Brokers are speculative of the market and are purchasing only on an as needed basis. Off grade NDM from previous government programs and direct from manufacturers is available and trading competitively with 34% WPC into feed operations for the good interest.

EAST: Prices are steady to higher again this week. Some producers increased asking prices as a result of continued tight supply and slow inventory growth. Most do not want stocks on hand, but they are trying to catch up with orders and higher prices are generally a result of good demand. The market tone remains firm. Production levels are still quite heavy, which is a little unusual for mid-July. Despite the fact that Eastern milk production is declining along seasonal patterns, most butter/powder plants are still receiving heavy volumes of surplus milk. Some dryers are still very busy. Most are unable to take the time to make high heat powder. A steady to slower movement of milk into local cheese plants is pushing more milk into butter/powder operations. Demand for NDM is good, but still a little sluggish as producers reported heavy buying the last week of June and they have seen little improvement in spot demand so far this month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .9425 - 1.0100 MOSTLY: .9800 - 1.0000
HIGHHEAT: .9775 - 1.0950

NONFAT DRY MILK - WEST

Western low/medium heat nonfat prices are holding mostly steady with a price adjustment noted on the bottom of the range. The market tone is steady with supplies and demand in fairly good balance. There are some extra loads in producers' stocks, but this was expected coming off the holiday schedules. Production is slowing but remains active. Sustained hot temperatures in the region are beginning to impact milk production and the volume of milk entering plants. Demand remains fair to good for domestic accounts. Exports are moving at expected levels. No word yet on the expected Mexican tariff on food preparation powder. Stocks vary from light to moderate. There are resale offerings of older government program powder that are offered at prices near the low end of the range. High heat NDM prices are unchanged. Demand is fair for the current light offerings. Producers expect to be able to make more high heat as milk production declines seasonally.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .9100 - .9800 MOSTLY: .9200 - .9350
HIGHHEAT: .9500 - .9700

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
July 8	\$.9182	6,679,321	0
July 1	\$.9151	7,938,383	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a steady to firm market. Production of dry buttermilk is reduced and seasonal. Churn activity is lower resulting in reduced condensed buttermilk supplies that readily clear into ice cream plants. Stocks are mixed with some plants reporting that they have loads to clear whereas others report that they are sold out. Spot interest is light to fair with most dry buttermilk movement occurring on a contractual basis. Trade is anticipated to remain light until heavier production resumes later this fall.

F.O.B. CENTRAL: .9600 - 1.0400

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to slightly lower as some producers adjusted their prices this week. Northeastern prices remain nominal. Churning activity is slowing seasonally and buttermilk drying is easing at most facilities. Producer stocks range from light to balanced. Demand is fair to good.

F.O.B. NORTHEAST: .9300 - 1.0050
DELVD SOUTHEAST: .9800 - 1.0600

DRY BUTTERMILK - WEST

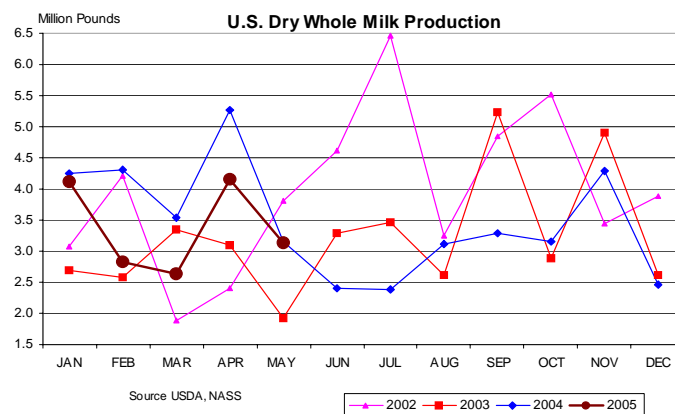
Market prices are mixed, trading steady to slightly higher on the top end of the range but steady to lower on the bottom end of the mostly series. The market tone for dry buttermilk in the West varies among producers and is characterized as steady to weaker by those with inventories to move while those in better inventory shape see the tone as steady to firm. Production remains active in the region as butter churning is higher than projected. There are increased dryer openings as milk production declines and the need to dry NDM moves lower. Demand is quiet at fair levels for current offerings.

F.O.B. WEST: .9025 - .9600 MOSTLY: .9025 - .9100

DRY WHOLE MILK - NATIONAL

Prices are unchanged to lower and remain nominal. Price decreases were attributed to the declines seen in the CME cash butter price last week. The market tone is steady. Production levels continue to be relatively light as most producers are just drying enough to meet orders. Inventory levels are light, which is typical for the summer months. Demand is steady and mostly contractual.

F.O.B. PRODUCING PLANT: 1.2500 - 1.4100



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged to higher on firm market. Spot trade is very light with most movement occurring on a contractual basis. Resale offers are generally noted at a premium. Most plants are reporting that they are sold out or tight on supplies. Ample stocks of whey are not anticipated to be available until late this fall when milk production rebounds after the summer heat and when alternative whey, permeate and lactose sources become available on the international market. Interest from domestic feed users is reduced as current prices are cost prohibitive, especially as more calf milk replacer buyers opt to buy lower cost lactose or permeate to blend with lower cost proteins such as soy, wheat or blood. Interest in animal feed milk replacer whey is good for the limited supply availability.

F.O.B. CENTRAL: .2700 - .2800 MOSTLY: .2700 - .2750
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2425 - .2600

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to fractionally higher and the Northeast prices remain nominal. The market tone is unchanged. Cheese output in the Northeast is steady to lighter despite continued heavy supplies of surplus milk. Dry whey production is also lighter and some producers continue to report being sold out for most of the year. One producer is preparing for some plant renovations which will cut output during late July and early August. Demand for dry whey is steady at fairly good levels. Little change has been reported in buying interest. Spot market activity on both the direct and resale markets is on the quiet side.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2750 - .3000
DELVD SOUTHEAST: .2900 - .3125

DRY WHEY - WEST

The Western whey price range held steady, but the mostly price series increased fractionally. The market continues to have a firm undertone. Comments continue to be heard that prices may be getting too high and demand will suffer. This thinking has not changed how sellers are marketing their whey. Export sales are steady at very good levels. Domestic activity is picking up as production declines seasonally. Output is expected to tighten this fall when another plant converts out of whey production into a fraction product. Inventories range from in balance to tight of full trade needs.

NONHYGROSCOPIC: .2900 - .3200 MOSTLY: .3025 - .3100

EVAPORATED MILK - NATIONAL

Prices are steady and the market tone is unchanged. Production levels are steady to lighter. Contacts estimate that the July Class IV milk price will increase significantly and some producers have adjusted output accordingly. There is plenty of surplus milk available to those producers who wish to increase output. Demand is seasonally slow to fair and the market continues to be highly competitive.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 30.00
Excluding promotional and other sales allowances. Included new price announcements.

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices remain unchanged on a firm market. Trade activity is light and mostly contractual. Offerings are increasing from a number of plants at the average to higher for the fair interest. Export demand for 34% WPC remains good whereas domestic interest is reduced, especially into the feed sector. Feed buyers are opting to instead purchase off grade NDM, blood, soy or wheat proteins to offset the higher costs incurred in using 34% WPC. Brokers are finding 34% WPC difficult to sell as delivered prices are competitive with the Extra Grade NDM market. Canadian 34% WPC is trading into the U.S. at a premium to the market. Supplies of 80% WPC are mixed with reports of trades at significant premiums and also at competitive levels with 34% WPC. Off grade supplies are limited for the good interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .8950 - 1.0000 MOSTLY: .8950 - .9200

LACTOSE - CENTRAL AND WEST

Prices are generally unchanged on a firm market. Spot trade activity is light with most movement reported on a contractual basis. Third quarter negotiations are mostly complete. Inquiries are noted from Latin America and some Southeast Asian nations for additional supplies of lactose. New Zealand offers are noted at competitive prices, encouraging some trade to occur near the lower end of the range. Reduced demand is noted in China as stocks are reported as heavy. According to the Foreign Agricultural Service, China is the second largest export market for U.S. lactose. Feed interest remains fairly good in light of the limited supply availability of permeate. Off grade supplies are short of buyer interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .1800 - .2200 MOSTLY: .1900 - .2100

CASEIN - NATIONAL

Casein markets remain firm, although suppliers and buyers indicate that additional strength in prices will probably not occur. Many suppliers and handlers state that the future of casein markets will depend heavily on how Oceania's production season develops. Oceania milk production is projected to be 2 - 3% above last year or about even with two years ago. At the present time, Oceania suppliers are meeting their contract commitments, but have very little, if any, available for spot or additional buyer interest. European stocks are more available. Their production season has been quite positive this year, thus supplies are in better balance with demand. For many producers, they are once again able to generate a more comfortable inventory to work from during the non production season. Domestic buyers continue to comment on higher than desired prices. Many feel that stocks should be more available in coming months, especially if Oceania has a positive production season, thus possibly better prices from their viewpoint.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.2700 - 3.4500
ACID: 3.2700 - 3.4000

EVAPORATED MILK - NATIONAL - see adjacent column

JULY MILK SUPPLY AND DEMAND ESTIMATES*

Milk production in 2005 and 2006 is forecast higher than last month as both the number of cows and milk per cow are raised. Commercial use, on both a fat and skim solids basis, is increased, but commercial stock forecasts are also raised. Cheese and nonfat dry milk price forecasts in 2005 are fractionally lower, while butter and whey are raised slightly. As a result, the Class III and Class IV prices are raised fractionally on the low end of the range. With increased milk production and higher forecast fat-basis stocks in 2006, butter and cheese prices are reduced, resulting in lower forecast Class III and Class IV prices. The all milk price for 2005 is unchanged but the range is narrowed to \$14.85-\$15.15 per cwt., but the 2006 forecast is lowered to \$12.90-\$13.90 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2004	2005 Projected		2006 Projected	
		June	July	June	July
MILK		BILLION POUNDS			
PRODUCTION	170.8	174.3	175.2	178.7	179.3
FARM USE	1.1	1.1	1.1	1.1	1.1
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	8.3	7.2	7.2	7.6	8.0
MARKETINGS	169.7	173.2	174.1	177.6	178.2
IMPORTS	5.3	5.1	5.1	4.9	4.9
TOTAL COMMERCIAL SUPPLY	183.3	185.4	186.3	190.1	191.1
FAT BASIS USE					
ENDING COMMERCIAL STOCKS	7.2	7.6	8.0	7.5	7.9
CCC NET REMOVALS <u>1/</u>	-0.1	0.0	0.0	0.1	0.1
COMMERCIAL USE <u>2/</u>	176.2	177.9	178.3	182.5	183.1
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	8.5	8.2	8.2	8.2	8.4
MARKETINGS	169.7	173.2	174.1	177.6	178.2
IMPORTS	4.8	5.0	5.0	4.8	4.8
TOTAL COMMERCIAL SUPPLY	183.0	186.3	187.3	190.6	191.4
SKIM-SOLIDS BASIS USE					
ENDING COMMERCIAL STOCKS	8.2	8.2	8.4	8.2	8.2
CCC NET REMOVALS <u>1/</u>	1.3	-0.3	-1.0	0.9	1.0
COMMERCIAL USE <u>2/</u>	173.5	178.4	179.8	181.4	182.2
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS <u>1/</u>					
BUTTER	-7	0	0	0	0
CHEESE	6	0	0	7	7
NONFAT DRY MILK	105	-25	-85	75	80
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding. 1/ Includes products exported under the Dairy Export Incentive Program. 2/ Includes commercial exports.

Continued on page 8

JULY MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES						
Commodity	2004	2005 Projected		2006 Projected		
		June	July	June	July	
PRODUCT PRICES <u>1/</u> CHEESE	DOLLARS PER POUND					
	1.6431	1.470-1.510	1.470-1.500	1.310-1.410	1.300-1.400	
	BUTTER	1.8239	1.450-1.520	1.475-1.535	1.305-1.435	1.280-1.410
	NONFAT DRY MILK	0.8405	0.900-0.940	0.900-0.930	0.860-0.930	0.860-0.930
	DRY WHEY	0.2319	0.235-0.255	0.240-0.260	0.175-0.205	0.175-0.205
MILK PRICES <u>2/</u> CLASS III	DOLLARS PER CWT					
	15.39	13.60-14.00	13.70-14.00	11.70-12.70	11.60-12.60	
	CLASS IV	13.20	12.20-12.70	12.30-12.70	11.20-12.30	11.10-12.20
	ALL MILK <u>3/</u>	16.05	14.80-15.20	14.85-15.15	13.05-14.05	12.90-13.90
	QUARTERLY					
	2005 II <u>4/</u>	2005 III <u>4/</u>	2005 IV <u>4/</u>	2006 I <u>4/</u>	2006 II <u>4/</u>	
MILK PRODUCTION	BILLION POUNDS					
	45.3	43.3	43.4	44.6	46.2	
	DOLLARS PER CWT.					
	ALL MILK PRICE <u>2/</u> <u>3/</u>	14.87	14.60-15.00	14.40-15.10	13.50-14.50	12.40-13.40
	CLASS III PRICE <u>2/</u>	14.11	13.65-14.05	12.75-13.45	11.85-12.85	11.35-12.35
CLASS IV PRICE <u>2/</u>	12.38	12.50-13.00	11.90-12.70	11.35-12.45	10.85-11.95	

1/ Simple average of monthly prices calculated by AMS from NASS weekly average dairy product prices for class price computations. Details may be found at http://www.ams.usda.gov/dyfmom/mib/fedordprc_dscrpt.htm. 2/ Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. 3/ Does not reflect any deductions from producers as authorized by legislation. 4/ Projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Paul Kiendl, FAS; James Miller, ERS; and Milton Madison, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-424, World Agricultural Outlook Board, USDA, July 12, 2005.

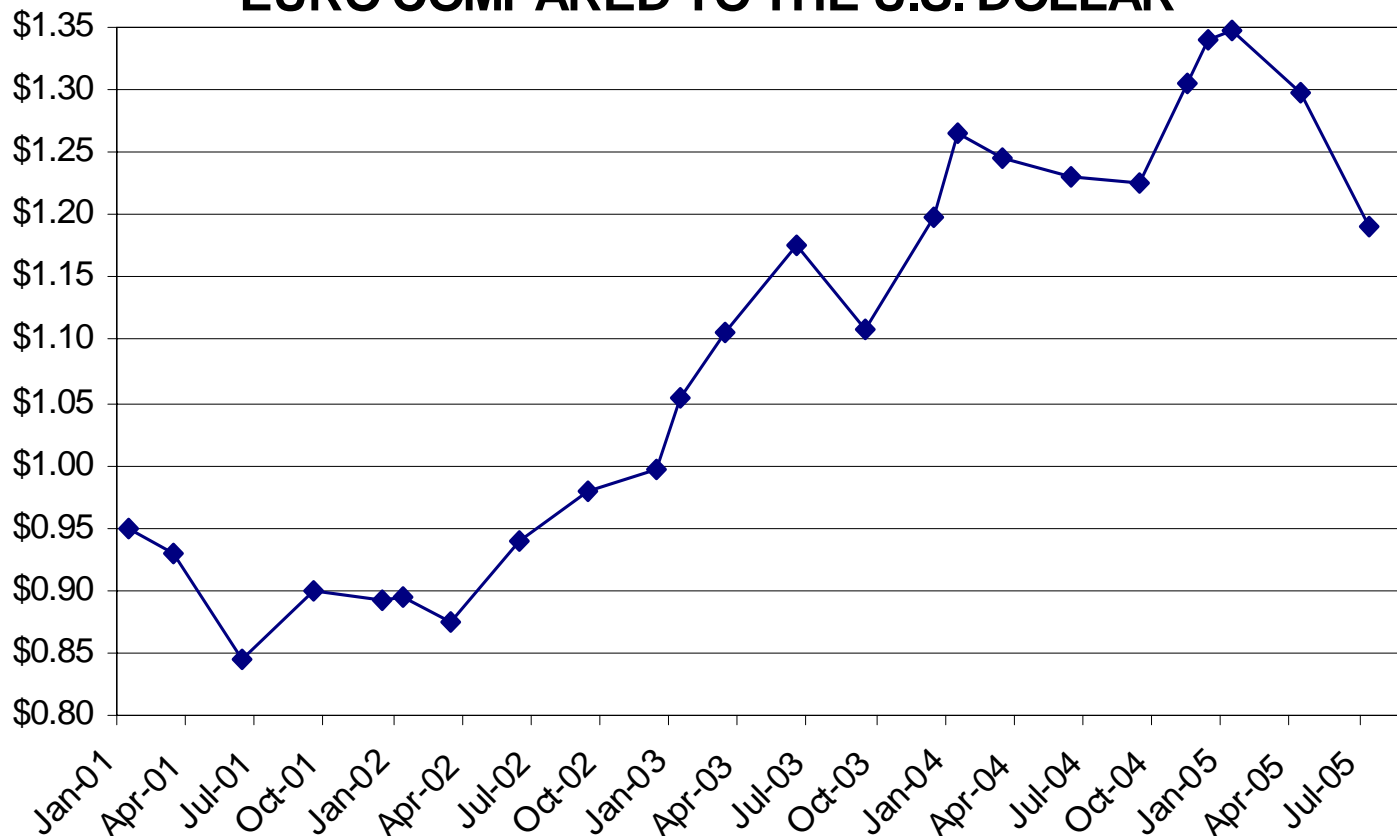
MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, APRIL 2005

In April 2005, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$14.97 per cwt., \$.49 less than the figure for the previous month. The component tests of producer milk in April 2005 were: butterfat, 3.63%; protein, 3.01%; and other solids, 5.72%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas, and ranged from \$16.72 in Florida to \$13.11 in New Mexico. In April 2004, the Federal milk order all-area average mailbox price was \$17.40, \$2.43 higher.

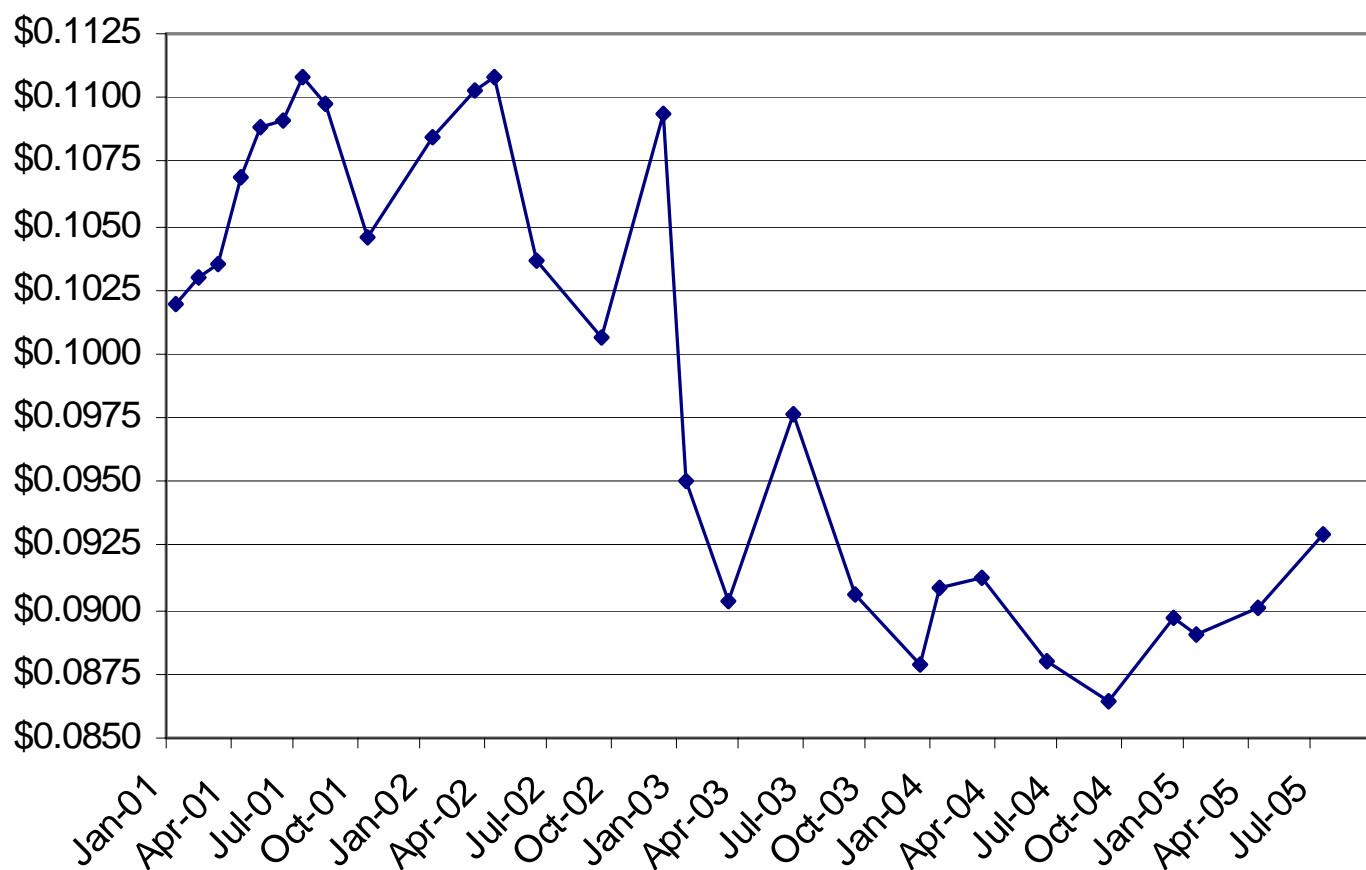
Reporting Area	Mailbox Milk Price <u>2/</u>		
	April 2004	March 2005	April 2005
	Dollars per hundredweight		
Northeast Federal Milk Order	17.12	16.01	15.28
Appalachian States <u>3/</u>	15.95	15.97	14.97
Southeast States <u>4/</u>	16.52	16.37	15.25
Southern Missouri <u>5/</u>	15.16	15.44	14.25
Florida	18.07	17.69	16.72
Ohio	16.30	15.60	15.08
Indiana	16.36	15.69	15.06
Michigan	16.34	15.13	14.64
Wisconsin	19.89	15.77	15.68
Minnesota	19.81	15.46	15.41
Iowa	18.55	15.41	15.23
Illinois	17.63	15.52	15.28
Corn Belt States <u>6/</u>	16.07	14.42	14.16
Western Texas <u>7/</u>	16.35	14.44	13.90
New Mexico	15.27	13.61	13.11
Northwest States <u>8/</u>	15.00	14.39	13.89
All Federal Order Areas <u>9/</u>	17.40	15.46	14.97
California <u>10/</u>	17.21	13.99	14.11

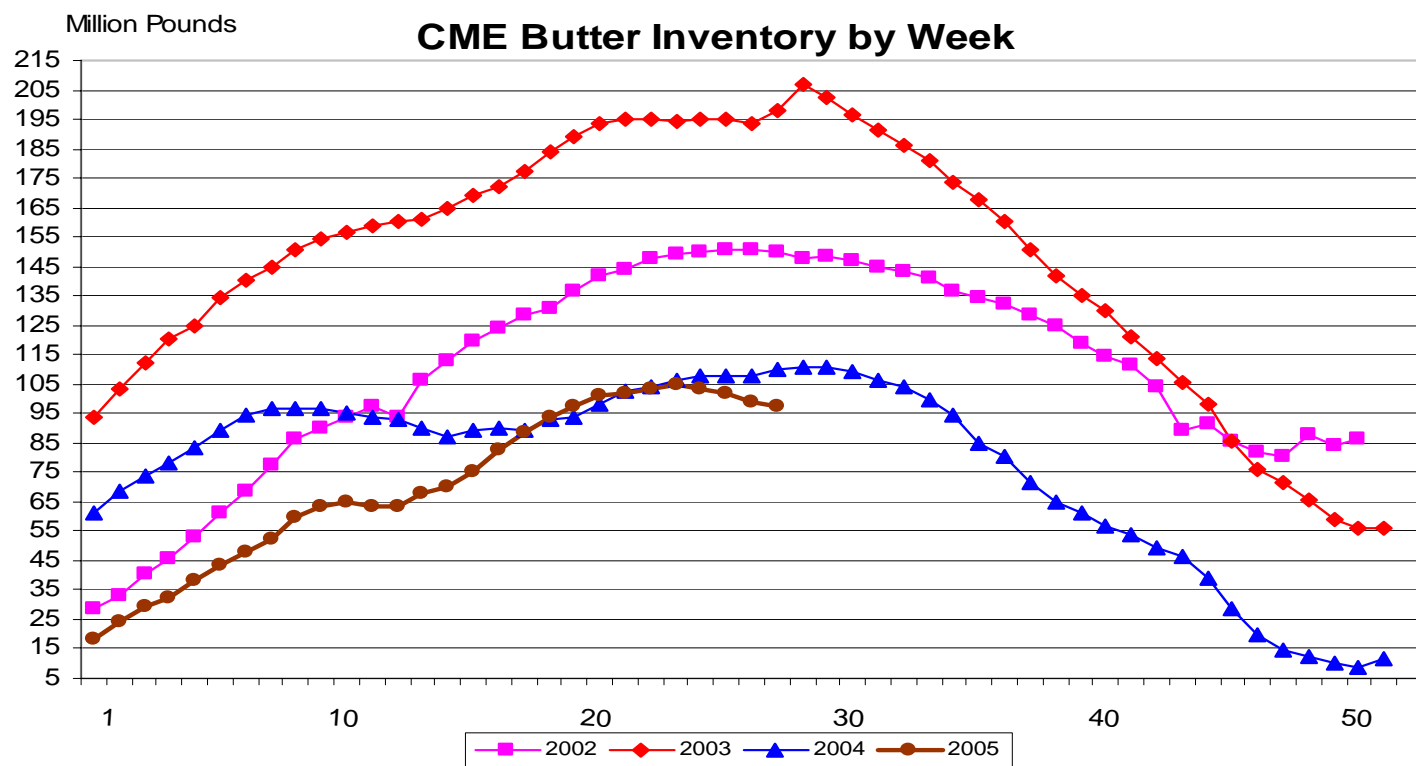
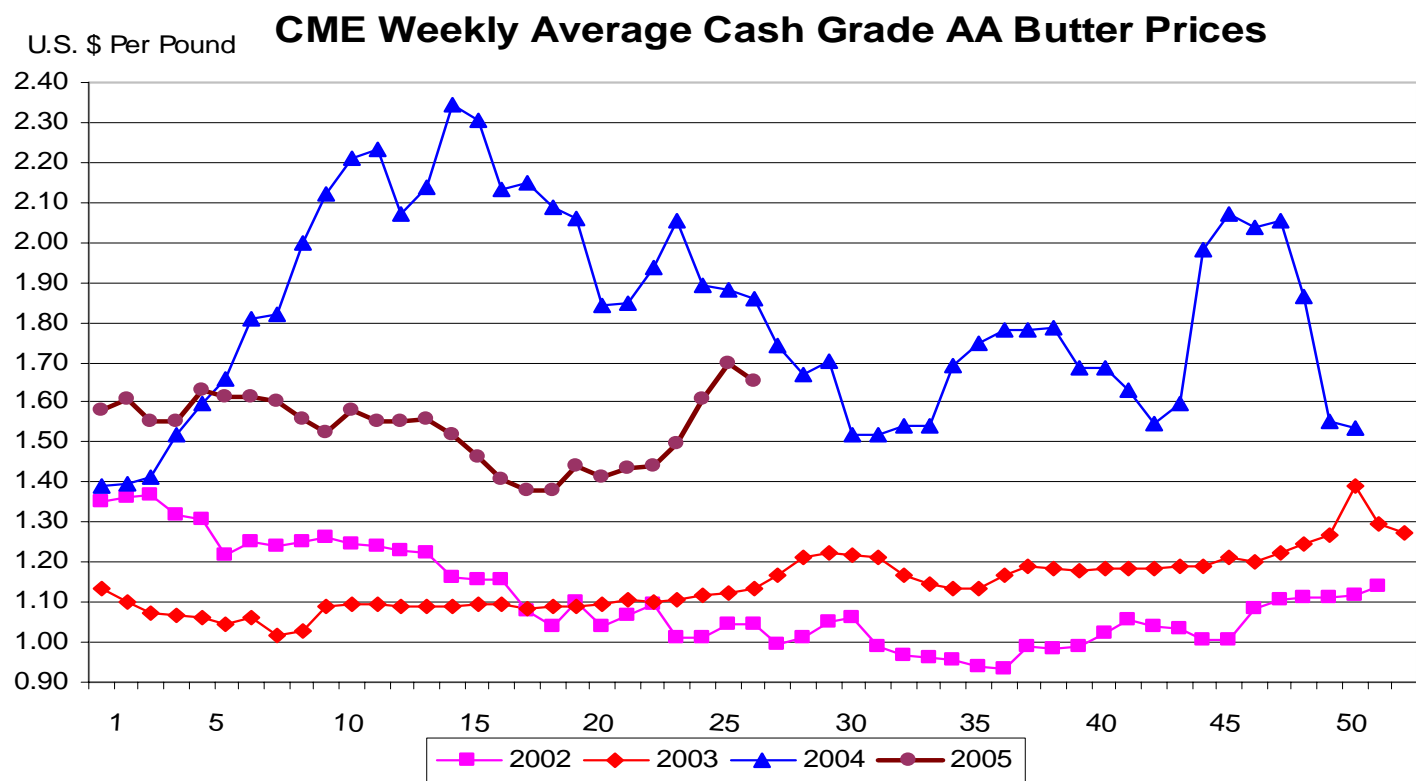
1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the \$0.05 per cwt. assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 6/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 5/. 7/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 8/ Includes Oregon and Washington. 9/ Weighted average of the information for all selected reporting areas in Federal milk orders. 10/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

EURO COMPARED TO THE U.S. DOLLAR



MEXICAN PESO COMPARED TO THE U.S. DOLLAR





CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JULY 11 - 15, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 07/08/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfort	-0-	-0-	-0-	31,817,269	320,348,961	-0-	557,927,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	-0-	-0-	-0-	31,817,269	320,229,913	-0-	604,318,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JULY 11 - 15, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	1.3	66.5
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	69.5	3,727.5
CUMULATIVE JANUARY 1 - JULY 15, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	44.0	2,378.2

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JULY 11 - 15, 2005 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	7,646,276	4.2	2.4
WEST	-0-	-42,309	-0-	-0-	29,415,099	308,299,863	92.4	96.2
EAST	-0-	-0-	-0-	-0-	1,070,603	4,283,774	3.4	1.4
TOTAL	-0-	-42,309	-0-	-0-	31,817,269	320,229,913	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 06/25/05 & Comparable Week 2004

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2005-Dairy	N.A.	0.6	5.6	1.9	12.0	2.3	0.5	0.7	10.7	2.0	36.4	1,116.5	42.6	47.5
2004-Dairy	0.1	0.7	6.2	2.6	16.5	1.7	0.3	0.7	10.1	1.9	40.8	1,169.6	43.9	46.5
2005-All cows	0.1	0.6	6.8	10.6	24.0	13.1	10.3	2.4	13.3	4.3	85.5	2,352.0		
2004-All cows	0.1	0.7	7.5	11.3	27.7	13.9	11.6	2.9	12.6	4.6	92.9	2,516.8		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43	14.13	14.80	13.62	13.89					
II	13.04	13.36	13.25	13.24	12.78	13.06						
III	14.14	14.70	14.08	14.61	13.77	13.92						
IV	12.52	12.74	12.66	12.61	12.20	12.33						

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm